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SIPDIS

SENSITIVE

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DEPT FOR WHA/CEN (MACK)

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [EFIN](#) [EAID](#) [BH](#) [VE](#)

SUBJECT: CHAVEZ HAS FRIENDS IN BELIZE

REF: A) (06) Belmopan 44, B) (06) Belmopan 66

¶1. (SBU) Summary. Since November 2006 Venezuela has given the Belizean government a US\$5 million grant, US\$50 million in loans, and US\$1.6 million for road construction. Several sources have confirmed that recently an additional US\$10 million grant has been promised. The government appears to be planning to use the money for new, unbudgeted spending initiatives including free school textbooks, infrastructure projects, and mortgage subsidies for lower income households in an apparent effort to influence voters in the run up to parliamentary elections. End summary.

¶2. (U) On August 2, Poloff met with Artemio Osorio, Director of Budget and Finance in the Finance Ministry, to discuss foreign monetary contributions to Belize. Of particular interest were reports of recent large contributions from Venezuela. Osorio stated that Venezuela provided a US\$5 million grant in November 2006 that the government used for refurbishing schools, purchasing land to build a hospital, and for small individual home improvement grants. He added that Venezuela also provided US\$50 million in loans when Belize's debt was restructured earlier this year (refs A and B).

¶3. (U) When asked about any other contributions, he added that Venezuela had also provided US\$800,000 for an asphalt grant. He stated it was too expensive to import the asphalt from Venezuela so Belize bought the asphalt locally and Venezuela reimbursed the purchase. Venezuela had also provided another US\$800,000 USD grant for culverts used for road development.

¶4. (U) Mr. Osorio did not mention the latest grant from Venezuela until Poloff brought up an article published on August 2, 2007 by Godfrey Smith, Minister of Tourism and National Emergency Management. The article entitled "Should Hugo Come?" discusses the additional US\$10 million grant and the possibility of a Chavez visit in the ruling party's newspaper. The article advocates that "Mr. Chavez should be invited to Belize." Osorio then confirmed that the money had been requested and was expected but that it had not yet been received. Osorio first stated that the money would be allocated for road development. He noted that the discussions about this grant began when a Venezuelan delegation visited Belize in early July.

¶5. (U) When asked how the GoB planned to pay for the unbudgeted, recently announced large expenditure programs which included free textbooks costing US\$3.25 million and a mortgage subsidy program costing US\$1 million, Osorio noted that perhaps some other programs would need to be cut. When asked if the Venezuelan grant could be used to fund these programs he replied, "Yes", and noted that even after these two programs were fully funded there would still be an additional \$6 million in potential unbudgeted spending.

¶6. (SBU) Comment. There are no campaign finance laws in Belize so in reality much of the grant could be put straight into the

government's reelection campaign. Belize's Minister of Home Affairs (and party campaign chairman) Ralph Fonseca is currently in Venezuela. Additionally, local newspapers have speculated that Chavez may be helping to bankroll the upcoming general elections for the incumbent party. End comment.

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